

AMERICANS FOR DIGITAL OPPORTUNITY

February 17, 2026

Senator Daniel McCay
Chairman, Senate Revenue and Taxation Committee
Room 210, Utah State Capitol Senate Building
Salt Lake City, Utah 84103

Dear Chairman McCay and Members of the Revenue and Taxation Committee:

On behalf of our stakeholders, I write to express our strong opposition to SB 287, which would tax revenue derived from digital advertising, and as a result, tax every small business and start-up in Utah that utilizes online advertising.

Proponents of SB 287 will argue that this tax will only affect a handful of multi-billion-dollar companies, but the truth hits much closer to home. Like all business-to-business expenses, Utah consumers and small businesses will be disproportionately burdened. A tax on digital advertising is a tax on every hardworking business owner, large or small, who relies on digital platforms to reach customers, compete, and grow.

You and your colleagues should be proud of Utah's thriving small business and start-up community. For 17 years, Utah has held the number one spot for best economic outlook. But SB 287 will only serve to undermine this progress.

At a time when President Trump is cutting taxes on hardworking families and small businesses, SB 287 will impose a tax on every single business using online advertising in Utah, and in turn, raise the price of the goods and services they offer. Small businesses could be forced to lay off staff, which is especially concerning given that 45% of Utah workers are employed by a small business, as noted by the Small Business Administration.

Funding programs focused on youth literacy, recreation, and mental health is a noble endeavor and something all reasonable Americans support. However, passing this tax as a means to fund these programs will not achieve this goal. Instead it will only invite legal challenges and very likely prevent Utah children from accessing these services.

The Internet Tax Freedom Act ("ITFA") prohibits states from imposing "discriminatory taxes on electronic commerce." All digital advertising is by definition targeted advertising, and this makes SB 287 a discriminatory bill. As you know, Democrat-controlled Maryland and Washington State are currently facing lawsuits over digital ad tax legislation due to ITFA violations. And this is not the only legal impediment to SB 287. Digital advertising taxes can also be challenged under the Supremacy Clause, the First Amendment, and the Commerce Clause.

Should this tax pass and then be overturned by the courts, Utah would be forced to pay back every cent collected. Not only will drawn out litigation costs fall on taxpayers, but this will also leave a budget gap for these critical youth programs.

As you know, advertising is a major driver of economic activity in Utah. According to an independent study commissioned by the Association of National Advertisers, advertising expenditures generated \$57.9 billion in economic activity, while supporting over 319,000 jobs in the state. This accounts for 18.2% of all jobs in Utah. Simply put, advertising is a critical industry and elected officials should be doing everything possible to protect it – not considering legislation that would endanger it.

Access to digital advertising has leveled the playing field for small businesses. Digital advertising ensures businesses of all sizes have an equal opportunity to reach the same customers, giving start-ups, local newspapers, and countless entrepreneurs the opportunity to grow and succeed. SB 287 taxes this important lifeline for Utah's small businesses, which will result in higher costs to reach new customers and higher prices for existing customers.

This legislative session provides you and your colleagues with an opportunity to deliver results for Utah families and small businesses. A pillar of Governor Cox's Built Here plan is "an economy that celebrates entrepreneurs," but SB 287 will do the exact opposite and jeopardize Utah's growing entrepreneurial and start-up environment. Instead, I encourage you to harness the state's opportunity to build a more competitive business environment which would encourage innovation and grow the overall tax base.

I urge you to consider that this digital advertising tax would have far-reaching, negative consequences for small businesses, start-ups, consumers, and Utah's economy. Additionally, should this tax be overturned by the courts, youth literacy and mental health programs would not be funded, leaving Utah families without access to resources. For these reasons, I urge you to oppose SB 287.

Sincerely,



Deb Peters, CPA
Tax Expert and Lead Advocate
Americans for Digital Opportunity

ADVERTISING



Is Essential in **Utah**

The Association of National Advertisers (ANA) is America's oldest and largest advertising trade organization, comprised of more than 1,600 members – advertisers, nonprofits, media companies, and other marketing solutions providers – representing over 20,000 brands that collectively influence \$400 billion in marketing and advertising annually. Federal legislation must preserve the economic benefits of advertising and marketing by ensuring that responsible advertising continues to provide access to products and services and fuels the American economy.

Advertising is the lifeblood of the modern American economy. Every dollar spent on advertising has a cascading nationwide multi-sector effect, driving direct product sales, supplier purchasing, and generating buying power for consumers. Advertising supported nearly 22 percent of the U.S. Gross Domestic Product (GDP) in 2024, generating \$10.4 trillion in sales.

Advertising supports American jobs. The advertising industry directly employs a substantial workforce, and advertising creates jobs throughout the economy by generating sales and revenue for advertisers. The advertising industry supported 29 million American jobs in 2024, with every 1 advertising job supporting 49 jobs across other industries.

Advertising facilitates a competitive market.

Advertising allows businesses of all sizes to access the marketplace and reach potential customers. Small businesses and Main Street businesses heavily rely on advertising to achieve competitive footing. Unreasonable resections on advertising harm small businesses while creating market concentration.

Advertising spurs innovation. Advertising allows the creators of the next great American product or service to connect with interested consumers about groundbreaking product designs, health benefits, and technological advances.

Advertising lowers prices for consumers. Restrictions on advertising reduce opportunities to discover new products and services, and raise prices, while vibrant advertising markets lower prices. Advertising the prices of products encourages competition, lowering prices for goods like retail gasoline and prescription drug prices thanks to increased price transparency.

Advertising empowers consumer choice. Advertising connects consumers to brands, products, and services that meet their needs and enables self-expression. Effective advertising increases consumer satisfaction by reducing repeat viewing of ads and promoting variety and relevance.

\$57.9 billion in economic activity



Advertising helped generate \$57.9 billion in economic activity in Utah

Over 319,000 Jobs



Advertising helped support 319,301 or 18.2% of all jobs in Utah

Every 1 advertising job supported



51 Jobs in Utah